No. 11008.

IN THE

United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

OTTO H. KRUGER,

Appellant,

vs.

NED WHITEHEAD, doing business under the fictitious name of Whitehead & Co.,

Appellee.

APPELLANT'S REPLY BRIEF.

HERBERT A. HUEBNER,
520 Title Insurance Building, Los Angeles 13,
Attorney for Appellant.

Parker & Company, Law Printers, Los Angeles. Phone TR. 5206.

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Respondent's Argument.

Respondent's brief is noteworthy for its complete reversal of the position taken by respondent in the District Court. There respondent maintained that no ink could be found that would bleed under the action of all solvents for the cellulose acetate cover. Note Whitehead's testimony relative to Plaintiff's Exhibits 9-A through 9-H [118]*:

> "A. . . . some of these chemicals change the color the way this shows and other chemicals do not seem to change it at all. * * * Ethyl acetate does not change the color.

* * * * * * * *

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*Throughout this brief, the numbers enclosed in brackets refer to page numbers of the Transcript of Record on Appeal.

Q. Are all those chemicals listed in the solvents? A. Every one of them.

* * * * * * * *

Q. Then from the chart * * * methyl ethyl ketone would disfigure the ink so that it would be readily recognizable * * * A. Yes.

Q. While ethyl acetate and butyl acetate and methyl formate, for instance, would not? A. No.

* * * * * * * *

Q. I call your attention to one specifically, 'Red RT-814.' I call your attention to the fact that the butyl acetate on here, when looked at this way carefully, you can see that it is slightly changed in color. Would that be sufficient to ground a card at a plant? A. No. This identification card, for example, if this was exposed to the sunlight for 24 hours, it would probably fade more than it is here. * * *"

But upon appeal the respondent has executed an about-face and relies upon the erroneous finding X [23], "That all inks would be substantially affected by the use of a solvent for the acetate cover," which finding in turn is based upon the District Court's misinterpretation of the aggregate testimony of Horowitz. From this unsound premise and select fragments of Horowitz's testimony (Appellee's Brief p. 5), respondent seeks to draw the conclusion that there is "no ink known which is not defaced by solvent" (Appellee's Brief p. 5). Applying this latter conclusion, one is invited to infer that any ink will bleed under the action of any solvent.

But the testimony of Horowitz does not support finding X as has heretofore been pointed out (Appellant's Brief p. 22).

The testimony of Horowitz cited by respondent at page 7 of his brief is incomplete and misleading as the following answer by the witness [R. 104] clearly shows [104]:

> "Q. But any ink that was used up to today would bleed or run? A. Not necessarily. I want to get this clear. *I made a statement before, and I want to clarify the thing* * * * We have never succeeded in making an ink that would *resist* the action of a cellulose solvent. That is what I meant. *The question of the bleeding of color is an entirely different proposition.* Then we can use a *select* pigment that will commonly bleed under the action of almost any solvent." (Emphasis added.)

The testimony of Horowitz specifically named the following inks which do not bleed:

"non-solluble carbon black", Tr. 105;
"the monastral group", Tr. 107;
"the sulphocyanine colors", Tr. 107;
"tungstated colors", Tr. 107, 108;
"molybdated colors", Tr. 107, 108;
"Prussian blue", Tr. 109;
"English vermillion", Tr. 109;
"mercury red", Tr. 109;
"chrome yellows", Tr. 109.

This effectively refutes respondent's contention that appellant's witness said that no printing ink has yet been made that will withstand the action of a cellulose solvent (*cf.* Respondent's Brief pp. 5 and 6).

And as counsel for the respondent continued to receive increasing evidence of two types of inks, those containing a bleeding pigment, and those not containing it, the cross-examination was cut short [109].

> "A. I went off the deep end when I limited myself to black.
>
> Mr. Frederick W. Lyon: That is all."

It should also be noted that the quotations from Horowitz's testimony beginning on page 5 of Appellee's Brief and taken from the top of page 106 of the Reporter's Transcript should be read together with the preceding paragraph at the bottom of page 105 of the Transcript to avoid misconstruction of the language. The testimony is not that the mere application of a solvent (as required by the Ballou patent) defaces a fixed type of ink so that "it would be easily recognizable as having been tampered with." The question refers to *re-coating the ink* not merely dissolving it [105]:

> "Q. It is true, isn't it, that any ink manufactured will be defaced, so that tampering with it would seem [be seen] when acetone or ketone are applied to it? A. No. You can make a nonsoluble carbon black, for example that will bond itself into the fibre of the paper. If I could elucidate a little bit, you might be able to wash this acetate off, and you would still have a residue of ink on there that might not have been badly defaced, *but when you try to build it up again to what it originally was, that is when your troubles would come. They might be able to remove that in fairly good shape, but they would never be able to build it up again.* * * *" (Emphasis supplied.)

Horowitz's testimony goes only to the extent of showing that there were suitable inks available. It does not go so far as to prove that *all* inks are equally suitable. Furthermore, it is restricted to *ink*. Horowitz's testimony refutes appellee's position taken at the trial that no inks were suitable and it accords with the advertised statements of appellee that the inks were "specially prepared" to "bleed and change color" [71, 72].

The Prior Art.

Every phase of the prior art relied upon by appellee was considered in the proceedings before the Patent Office either as concerns the several elements comprising the identification cards or their particular properties [Plfs. Ex. 1].

In order to anticipate, a prior art patent must embody the same means and be used for the same purpose. It is not sufficient that such prior art patents may doubtfully or merely accidentally resemble the article of manufacture of the patent in question.

The pertinency of the prior art was expressly negatived by the District Court: "I want to say frankly that I am not much impressed by the prior art" [135].

In the lower court respondent succeeded in excluding appellant's proffered construction of the prior art. That the Goodsell-Maynard patent, No. 1,710,226, contains no statement regarding the type of ink or coloring matter used is admitted by appellee (Appellee's Brief p. 4), nor, as stated by the Board of Appeals [53], would such disclosure, if made, be of any significance in view of the intended use and nature of the Goodsell-Maynard label.

The Walsh-Caprio patent, No. 2,790,641, relied upon by appellee as setting forth a process, the product of which is alleged to be indistinguishable from Ballou's forgery-proof identification card, such a conclusion is merely speculative. For example, it is stated in the Walsh-Caprio patent that [Tr. 155] "volatile liquid solvents or cements *very often* cause blushing bubbles and pockets between the conceptive parts and cause *many* colors to bleed or run such as to produce very unsatisfactory results." Can it be inferred from such language that the inks used by the Walsh-Caprio would bleed, not merely in the fluid state of the thermo-plastic cover, but, as required by Ballou, under the dissolving action of *all* solvents for said cover? The dissolving action of a plastic in its fluid state is not shown to be, nor is it, the same as the dissolving action of a *solvent* for the *solid* thermoplastic.

Ballou Invention Distinguished From Prior Art.

The value of Ballou's forgery-proof identification card lies in its betrayal of the use by a forger of *any* and *all* solvents upon the cover. Even if it be conceded, therefore, that the prior art devices may be defaced by the use of one or more solvents, that fact would not demonstrate their suitability if *other* solvents are used. A forger cannot be required to use only those solvents specified and which induce "cooperation" or *co-action, i. e.,* which both dissolve the cover and cause the distinguishing matter to run. Clearly, no prior art patent even suggests such a constant co-acting principle and in failing to do so, they do not anticipate the article of manufacture contemplated

in the Ballou patent. For if the cover may be dissolved by even so much as a *single* known solvent which does not at the same time cause the distinguishing matter to distort in a "clearly indicated" manner [46] the identification card would be neither "fool-proof" nor "forgery-proof." This fact was fully recognized by respondent at the trial when he was seeking to prove that no ink would bleed under the action of *all* solvents for the cover [122].

> "Q. Well, you didn't have any trouble to get an ink that would be dissolved by the same solvents that would dissolve the cellulose acetate? A. (By Ned Whitehead) That wouldn't do any good for identification cards. *How do you know they wouldn't get a solvent that would hurt the ink, and then you wouldn't have an identification card that was fool-proof.*" (Emphasis added.)

This one to one cooperation between the distinguishing matter and the cover is the keystone of the Ballou patent and serves to set it boldly apart from either or both of the Walsh-Caprio and the Goodsell-Maynard patents. It finds expression in Walker on Patents (Deller's Edition), Vol. 1, page 291:

> "Although a prior art may incidentally show a similar arrangement of parts, if that arrangement is not claimed nor designed to perform the function of the later patent, it cannot serve as an anticipation." . . . "Novelty is not negatived by anything which is not designed for the same purpose, where no person using it would understand that it

could be put to use in the way the inventor has found."

Especially clear is the language of *Pittsburg Iron & Steel Co. v. Seman-Sleeth Co.,* 248 Fed. 705 (C. C. A. 3):

> "If any one of the alleged anticipating alloys was Adamite, that fact, so far as the record shows, was not known to those who produced it or used it, and not being recognized as a new product with its distinctive characteristics, its production was purely an accident without profit to the art and without value as an anticipation. We are satisfied therefore, that Adamite has not been anticipated by alloys which, while accidentally of the same analysis, *were not shown to be the 'article of manufacture' of the patent.*"

The Bleeding Ink.

The selection of an ink for the Ballou forgery-proof identification is deliberate and not accidental, is purposeful and not an undesirable result.

The type of ink used in the Goodsell-Maynard label is of no importance and its nature is not even mentioned therein. Its mention "would have no object at all" [Tr. 53].

The Walsh-Caprio patent mentions a bleeding ink only as a problem to be avoided.

Neither Goodsell-Maynard nor Walsh-Caprio teaches the *use* of an ink which bleeds.

The ink required by Ballou must bleed *always*, *i. e.*, to defeat *every* attempted solution of the cover. It is not sufficient that it bleed merely incidentally or "sometimes" or under *some* solvents for the cover. To be fool-proof it must bleed under *every* solvent for the cover. Thus if the cover is a water-soluble gelatine, the ink must bleed in water or *any other* solvent for the gelatine. It is not enough if the ink bleeds only in water and the gelatine may be dissolved in alcohol [122].

Neither Goodsell-Maynard nor Walsh-Caprio contains a reference to a bleeding ink meeting these requirements.

Goodsell-Maynard and Walsh-Caprio are in an art entirely distinct from Ballou. They do not relate to the same subject matter, nor to the same materials, nor to the same objects, nor to the same product.

Ballou is in "an art entirely distinct from any of the references" [53, Opinion of Patent Office Board of Appeals]. It is idle to suggest that the Ballou patent is anticipated. His patent is pioneer. He founded a new industry of commercial and social importance. His invention was directly used by a large percentage of the working population of America. These people were not using or demanding the "*cement* which will not cause colors to run or bleed", "blush", "bubble", or "pocket" offered by Walsh-Caprio, nor did they desire the mere printing or a photograph on a piece of paper protected from "the elements" [139, lines 25-26, 80-84] offered by Goodsell-Maynard.

Not "Mere Selection."

Respondent appears to take the position that Ballou was faced with the problem of finding a new type of ink. From this premise it might be relatively simple to show that inks with bleeding properties were known and that Ballou did no more than select a suitable ink from a list as was done in the cited case of *Sinclair & Carroll Co. v. Interchemical Corporation,* 89 Sup. Ct. (Advance Opinions) 1099 (Appellee's Brief p. 19).

But such a premise misconstrues the invention. Ballou did not discover nor even seek to discover an ink. His invention includes ink merely as one of several types of possible solvent detecting means such as ink, coloring, or a photograph [45-46]. Why does respondent point only to ink? Why does he not emphasize that celluloid is old, that a card proper is old, that solvents are old, or even that a card and cover are old and that each of these elements is to be found listed in one or more places? Is it that excessive emphasis placed upon each separate element as individually known would merely point up the obvious fact that Ballou's invention resided in no one of these elements but rather in the patented combination incorporating them all in the specified relationship? Ballou did not select his forgery-proof identification card from a *list of forgery-proof identification cards* for the simple reason that no such list existed. There was no such thing in existence as a forgery-proof identification card—nor even the concept of such a card—until Ballou's invention.

Horowitz [103]:

> "I don't believe that anybody before had conceived the idea of a foolproof, forgery-proof identification pocket, and the question was to make them so foolproof that nobody could possibly tamper with them, and that was something new."

The court [133]:

> "While the patent has been referred to as a simple patent, yet it indicates that there has been an improvement here of technique in the making of identification cards which have some features that are quite unique."

Confusion over the gist of Ballou's invention—and failure to comprehend its total character has been such that each separate element—even including the solvent [Finding XII, 23] was mistaken at one time or another for the inventive combination (*cf.* Appellee's Brief p. 13).

In order to clinch his point that any invention lies in the ink *per se* respondent cites the rejection of application of claim 6 and asserts that thereby appellant is "estopped" to deny that the gist of the invention lies in the ink. Actually claim 6 was rejected [Plfs. Ex. 1] because it was too broad and the "means to disclose tampering" purported to include *any* tampering, "it being immaterial according to the claim whether a solvent is used in such tampering" [Opinion of Board of Appeals, 53], thus even a "sharp blade" might be used [*cf.* Office Action of May 29, 1935, Plfs. Ex. 1].

Sufficiency of Disclosure.

The patent is entitled to a broad construction favorable to the patentee since the trial court agrees with and accepts the patent office's view that the prior art does not disclose Ballou's inventive concept. Walker on Patents (Deller's Edition), Vol. 1, p. 1238; *Shakespeare v. Perrine Mfg. Co.,* 91 Fed. (2d) 199 (1937, C. C. A. 8):

> "One who first invents a unique feature is entitled to a liberal construction of what he first brought into the art."

The only evidence by which insufficiency of disclosure may be demonstrated is by the testimony of an expert, *i. e.,* one skilled in the art. No expert testimony other than that of Horowitz was introduced below and that was to the uncontradicted effect that one conversant with the art would have no difficulty in carrying out the specification of the Ballou patent. The District Court expressly acknowledged the sufficiency of the disclosure [134] and contradicts Finding IX [23], which is clearly erroneous and contrary to the uncontradicted evidence on this point. In spite of its protestations to the contrary, to the effect that, to this date no suitable ink has been found, the appellee has been able to advertise that its "specially prepared" inks will "bleed and change color" when subjected to the action of a solvent for the thermo plastic cover.

Invention Involved in the Ballou Patent.

The concept of a new article of manufacture and the adaptation of appropriate means embodying that concept constitutes invention.

It is respectfully submitted that the record below abounds in evidence of invention, and that the *prima facie* case of invention, established by the introduction of the patent in evidence as well as by the other ample evidence of invention introduced at the trial, was not overcome by appellee.

Respectfully submitted,

HERBERT A. HUEBNER,
Attorney for Appellant.